

PUBLIC DISCLOSURE

April 11, 2005

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

UNIBANK FOR SAVINGS

**49 CHURCH STREET
WHITINSVILLE, MA 01588**

**DIVISION OF BANKS
ONE SOUTH STATION
BOSTON, MA 02110**

<p>NOTE: This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion or opinion of the Division of Banks concerning the safety and soundness of this financial institution.</p>
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GENERAL INFORMATION

The Community Reinvestment Act ("CRA") requires the Massachusetts Division of Banks ("Division") to use its authority when examining financial institutions subject to its supervision, to assess the institution's record of meeting the needs of its entire assessment area, including low and moderate-income neighborhoods, consistent with safe and sound operation of the institution. Upon conclusion of such examination, the Division must prepare a written evaluation of the institution's record of meeting the credit needs of its community.

This document is an evaluation of the CRA performance of **UNIBANK FOR SAVINGS** ("UniBank" or the "Bank") prepared by the Division, the institution's supervisory agency, as of **April 11, 2005**. The Division evaluates performance in the assessment area(s), as they are defined by the institution, rather than individual branches. This assessment area evaluation may include the visits to some, but not necessarily all of the institution's branches. The Division rates the CRA performance of an institution consistent with the provisions set forth in 209 CMR 46.00.

INSTITUTION'S CRA RATING: This institution is rated "Outstanding"

Under the Lending Test, the Bank is assigned an overall rating of High Satisfactory. Approximately, 68.2 percent of the Bank's mortgage loans and 79.5 percent of the Bank's small business loans were made in the assessment area. Lending was well distributed throughout the assessment area. The Bank's distribution of home mortgage and small business loans among the various census tracts was good. The Bank's distribution of its home mortgage loans among borrowers of different income levels was excellent given the assessment area's demographics and the comparison of all other Home Mortgage Disclosure Act ("HMDA") reporting lenders within the assessment area. The Bank has been instrumental in providing financing for low and moderate-income homebuyers. The Bank continues to be an active community development lender. UniBank's use of innovative and flexible lending products is considered good. In addition, the Bank's fair lending performance was found to be good at this time.

UniBank has an excellent level of qualified community development investments and grants. The Bank has exhibited an excellent responsiveness to credit and community economic development needs. Based on the review conducted under the Investment Test, the Bank's investment performance is rated Outstanding.

The Bank has demonstrated an excellent level of service to its assessment area. UniBank's delivery systems are readily accessible to all portions of the assessment area. The Bank's services are tailored to meet the needs of the assessment area, with specific services benefiting low and moderate-income individuals. Bank personnel meet with local community organizations to discuss the credit needs of the community, and make their own personal contributions through volunteer efforts in a variety of public service, charitable, and youth organizations. Based upon these findings, the Bank was granted a rating of Outstanding with regards to the Service Test.

LENDING, INVESTMENT, AND SERVICE TEST TABLE

PERFORMANCE TESTS UniBank for Savings			
Performance Levels	Lending Test*	Investment Test	Service Test
Outstanding		X	X
High Satisfactory	X		
Satisfactory			
Needs to Improve			
Substantial Non-Compliance			

*Note: The Lending Test is weighed more heavily than the Service and Investment Tests when arriving at an overall rating.

PERFORMANCE CONTEXT

Description of Institution

UniBank was established on January 19, 1988 by the merger of the Uxbridge Savings Bank, incorporated in 1870, and Whitinsville Savings Bank, incorporated in 1873. The surviving charter was that of Uxbridge Savings Bank, renamed UniBank for Savings. On January 1, 1998, UFS Bancorp was established as a mutual holding company operating as a holding company for Unibank. In July 1999, UniBank Fiscal Advisory Services, Inc. ("UFASI") was established as a subsidiary of UFS Bancorp to provide debt management services to towns, school districts, and other government units. In January 2001, Sterling Associates was acquired as a subsidiary of UFS Bancorp, and is a bank service company that originates marine and manufactured housing loans for client lenders. In 2001, the ownership of Sterling Associates and UFASI was transferred to the Bank. In 2005, the Bank purchased Dimen Financial Group Inc. of Newport Beach, California, a loan broker specializing in boats and recreational vehicles.

UniBank is headquartered at 49 Church street, in Whitinsville, Massachusetts. Whitinsville is one of three villages located in the Town of Northbridge. The Bank also operates full service branches in the towns of Blackstone, Douglas, Sutton, Upton, and Uxbridge. All of the offices are equipped with a 24-hour Automated Teller Machine ("ATM").

As of its December 30, 2004 Federal Deposit Insurance Corporation ("FDIC") quarterly call report, UniBank had \$614,122,000 in assets. This is an increase of 12.8 percent since the previous evaluation. Of these total assets, approximately 46.2 percent were in the form of gross loans. The Bank's quarterly net loan-to-deposit ratio stood at 50.5 percent as of year end 2004. The Bank's municipal department whose function is to originate and service municipal deposits has decreased the loan-to-deposit ratio. In prior years, the Bank took measures to offset the increase in municipal deposits by originating manufactured and mobile home loans through an arrangement with Sterling Associates; however, because of the Bank's acquisition of Sterling Associates, the Bank no longer originates these loans. In addition, the low fixed interest rate environment in the past also attributed to the increased number of refinances of fixed rate loan products, which the Bank has sold in the secondary market.

There has not been a significant change in the composition of the Bank's loan portfolio since the previous examination. UniBank continues to primarily be a residential lender. The composition of the Bank's loan portfolio consists of mortgage loans, commercial real estate loans, home equity loans and consumer loans. Business and commercial lending is provided through commercial loans and lines of credit. Refer to the following table for the distribution of the Bank's loan portfolio.

PERFORMANCE CONTEXT (CONTINUED)

Loan Portfolio Composition

Loan Type	Amount (000s)	Percent
One to Four-Family Residential Mortgages	138,960	48.9
Consumer Loans	44,807	15.8
Commercial Properties	37,590	13.2
Equity Lines of Credit	24,826	8.7
Construction and Land Development	19,176	6.8
Commercial and Industrial	17,824	6.3
Multifamily (5 or more dwellings)	630	0.2
Other Loans	156	0.1
Less: unearned income	(123)	-
Total Gross Loans	283,846	100.0%

Source: December 30, 2004 Report of Condition.

UniBank is a portfolio lender but does sell loans on the secondary market. In 2003, the Bank sold 341 loans totaling \$47.7 million. In 2004, the Bank sold 70 loans totaling \$11.2 million. The Bank sells all of its loans to Freddie Mac.

The Bank continues to offer a variety of loan products that include first-time homebuyer residential mortgages, both in-house developed and external programs; other conventional residential mortgages; jumbo residential mortgages; consumer loans; and numerous commercial real estate and commercial loans.

UniBank operates in a highly competitive market. The Bank's competition consists of several local banks, credit unions, a branch network of national banks and a number of mortgage companies throughout the assessment area. The local banks that compete directly with UniBank are Milford Federal Savings and Loan, Webster Five Cents Savings Bank, Savers Co-operative Bank, Ben Franklin Savings Bank, as well as representatives of regional and national banking and mortgage companies. The market influence from these entities appears to be significant and, as a result, serves to keep the Bank's rates and services offered very competitive.

Market share information based on 2003 aggregate performance data, indicates 336 mortgage companies, savings banks, commercial banks, cooperative banks, and credit unions have originated at least one residential mortgage loan within the Bank's assessment area. During this time, UniBank ranked 4th in market share with 505 originations capturing a 3.95 percent market share. The top three lenders in the assessment area in 2003 were Milford Federal Savings and Loan with a 9.74 percent market share; Fleet National Bank, now Bank of America with a 5.18 percent market share; and Wells Fargo Home Mortgage with a 4.73 percent market share.

There are no significant financial or legal impediments, which limit the Bank's ability to help meet the credit needs of the community. The Bank's most recent CRA evaluation, performed by the FDIC as of April 23, 2002 assigned a rating of "Satisfactory". The previous evaluation performed by the Division as of May 7, 2001 assigned a rating of "High Satisfactory".

PERFORMANCE CONTEXT (CONTINUED)

Description of Assessment Area

CRA requires a financial institution to identify one or more assessment areas which it intends to help meet the area's credit needs. UniBank's assessment area encompasses the area known as the Blackstone River Valley located in Worcester County and includes the following Massachusetts towns: Blackstone, Douglas, Grafton, Hopedale, Mendon, Millbury, Millville, Northbridge, Sutton, Upton, and Uxbridge. The towns of Blackstone, Hopedale, Mendon, Millville, and Upton were located within the Boston Metropolitan Statistical Area ("MSA") while the remaining communities were located in the Worcester MSA. In 2004, The Office of Management and Budget revised its Standards for Defining Metropolitan and Micropolitan Areas. As a result, of this change, all of the communities are now located in the Worcester MA-CT MSA.

Census tracts are defined as either low, moderate, middle or upper-income based on median Family Household Income ("FHI") within the census tract. The assessment area consists of 19 census tracts: 14 (74 percent) middle-income, 4 (21 percent) upper-income and 1 (5 percent) as N/A. The one census tract with the N/A designation is located in the Town of Grafton. The Tufts University School of Veterinary Medicine and two youth facilities operated by the Grafton Job Corps and the Department of Social Services Key Program geographically dominate it. These facilities comprise the majority of the tract and there are no households; consequently there is no loan demand and thus, no income designation was assigned.

Please refer to the table below regarding other housing characteristics.

<i>Selected Housing Characteristics by Income Category of the Geography</i>						
<i>Geographic Income Category</i>	<i>Percentage</i>					
	<i>Census Tracts</i>	<i>House holds</i>	<i>Housing Units</i>	<i>Owner- Occupied</i>	<i>Rental Units</i>	<i>Vacant Units</i>
<i>Middle</i>	73.68%	70.6%	70.7%	67.1%	81.9%	73.4%
<i>Upper</i>	21.05%	29.4%	29.3%	32.9%	18.1%	26.6%
<i>NA</i>	5.26%	-	-	-	-	-
<i>Total or Median</i>	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Source: 2000 U.S. Census

The median family income for the Worcester MSA for 2003 is \$68,000. The median family income for the Boston MSA for 2003 is \$80,800. The median family income for the Worcester MSA for 2004 is \$69,300. The income figures are based on estimated Department of Housing and Urban Development ("HUD") information. Low-income is defined by the US Census Bureau as income below 50 percent of the median family income level for the MSA. Moderate-income is defined as income between 50 percent and 79 percent of the median family income level for the MSA. Middle-income is defined as income between 80 percent and 119 percent of the median income. Upper-income is defined as income equal to or greater than 120 percent of the median income.

PERFORMANCE CONTEXT (CONTINUED)

Change in MSA for 2004

The Office of Management and Budget (“OMB”) revised its Standards for Defining Metropolitan and Micropolitan Areas in December 2000 under the Metropolitan Area program. In June 2003, OMB defined new MSA boundaries, which were then updated and became effective January 2004. The application of OMB's 2000 standards will result in some census tracts changing income levels without any real change in economic conditions within the tracts. In part, these changes are the result of different criteria used by OMB in setting the 2000 standards and, subsequently, the MSA/Metropolitan Division boundaries that impact 2004 data.

As a result of the OMB revision the census tracts for 2004 are as follows:

Change in MSA Tracts					
Census Tracts	2003 Census Data		2004 Census Data		Change in Number of Census Tracts
	#	%	#	%	
Middle	14	73.7	13	68.4	1
Upper	4	21.0	5	26.3	1
NA	1	5.3	1	5.3	-
Total	19	100.0	19	100.0	0.0

Demographic information for the Bank’s assessment area was obtained from data compiled by the 2000 U.S. Census as well as by the MSA boundaries established in January 2004. Information based on the newly revised MSA boundaries was used to evaluate the Bank’s 2004 performance while the “older” boundaries were used to evaluate the Bank’s 2003 performance. Consequently, the distribution of loans in 2003 will be discussed separately.

There are approximately 4,528 businesses operating throughout the area, most of which are concentrated in the upper-income census tracts. The highest proportion of these business establishments are engaged in the service industry. Businesses involved in retail trade and construction also make up a significant share of the establishments. Approximately 70.2 percent of the businesses have revenues of under \$1 million and over half employ four or fewer people.

Marketplace

The area’s housing prices continue to rise considerably. Statistics published by The Warren Group show that the area’s median home sales price for 2004 ranged from a low of \$207,500 in Millville to a high of \$380,950 in Mendon.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS:

LENDING TEST

The institution's Lending Test performance was rated an overall "High Satisfactory". The institution's lending efforts are rated under the seven performance criteria: Lending Activity, Geographic Distribution, Borrower Characteristics, Community Development Lending, Innovative or Flexible Lending Practices, Fair Lending, and Loss of Affordable Housing. The following information details the data compiled and reviewed, as well as conclusions on the Bank's performance.

Scope of Evaluation

The lending test evaluates an institution's record of helping to meet the credit needs of its assessment area based on an analysis of its residential mortgage, small business, and community development loans. Residential mortgage loans and small business loans originated during 2003 and 2004 were included in the Bank's performance. In addition, Bank management requested that home equity lines of credit be included in the Bank's performance. The time period covered for the equity lines was identical to the residential mortgage and small business loans.

The data used to evaluate the Bank's lending was derived from the HMDA/Loan Application Register ("LAR") and the Bank's CRA Disclosure Statement.

I. Lending Activity

UniBank's lending activity and record of extending credit were reviewed during the course of the examination.

The Bank's lending levels reflects adequate responsiveness to the assessment area's credit needs. The Bank's assets totaled \$614 million as of December 31, 2004. Gross loans totaled \$283 million representing 46.1 percent of total assets.

As of December 31, 2004 the net loan to deposit ratio was 50.5 percent. This ratio has increased from 41.8 percent on December 31, 2003. According to the December 31, 2004, Uniform Bank Performance Report ("UBPR"), the Bank's net loan to deposit ratio was 50.5 percent. The peer group's net loan to deposit ratio was 83.8 percent, placing the Bank in the 10th percentile. The decreasing loan-to-deposit trends are the result of the Bank's municipal department which takes deposits from cities and towns. As of December 31, 2004, the Bank has accepted \$211.6 million in deposits from 263 municipalities.

The Bank's net loans and leases as a percent of assets, as reported in the December 31, 2004, UBPR, was 45.4 percent. The peer group's net loan to asset ratio was 63.0 percent, placing the Bank in the 15th percentile. The Bank's ratio is lower than peer, however, it should be noted that the UBPR determines a peer ratio based on similarly sized banks nationwide without regard to regional or state differences.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS: (CONTINUED)

LENDING TEST (CONTINUED)

UniBank's LARs were reviewed to determine the amount of credit extended within the Bank's assessment area. During this period, the Bank originated 1,100 HMDA-reportable loans totaling \$195 million. Of this amount, 750 loans, or 68.2 percent of the number and \$126 million or 64.6 percent of the dollar volume was originated in the Bank's assessment area.

By number, Northbridge accounted for the largest number of originations with 21.4 percent, followed by Uxbridge with 14.9 percent. Northbridge also accounted for the largest dollar volume of originations with 20.5 percent, followed by Uxbridge with 13.1 percent. Refer to the following tables for additional information regarding the Bank's HMDA-reportable lending, by both number and dollar volume.

Table 3 – Distribution of Home Mortgage Loans Inside and Outside of the Assessment Area								
Year	Inside				Outside			
	Number of Loans		Dollar in Loans (000s)		Number of Loans		Dollars in Loans (000s)	
	#	%	\$	%	#	%	\$	%
2003	505	69.6%	80,745	66.7%	221	30.4%	40,355	33.3%
2004	245	65.5%	45,121	61.1%	129	34.5%	28,763	38.9%
Total	750	68.2%	125,866	64.6%	350	31.8%	69,118	35.4%

Source: HMDA/LAR, CRA Wiz

Residential mortgage activity decreased during 2004 primarily due to increased interest rates and slowing refinance activity. In 2003, UniBank ranked fourth in market share of all 336 HMDA reportable lenders in the assessment area. UniBank originated 505 loans in the assessment area giving the bank a 3.9 percent market share. The top lender in the assessment area was Milford Federal Savings and Loan with 1,246 originations and a 9.7 percent share.

Small Business Lending

UniBank's Small Business Loans Registers ("SBLR"s) were reviewed to determine the amount of credit extended within the assessment area. For purposes of this loan register, a small business loan is defined as "a loan with an original amount of \$1 million or less that is: secured by non-farm nonresidential properties; or commercial and industrial loans to US addressees, as defined in the FDIC Call Report Instructions." The Bank originated 132 small business loans totaling \$25.9 million during this period. A total of 105 loans totaling \$18.9 million were originated to businesses within the Bank's assessment area, representing 79.5 percent by number and 73.2 percent by dollar volume. Refer to the following table detailing the distribution of small business loans inside and outside the assessment area.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS: (CONTINUED)

LENDING TEST (CONTINUED)

Table 4 – Distribution of Small Business Loans Inside and Outside of the Assessment Area								
Year	Inside				Outside			
	Number of Loans		Dollar in Loans (000s)		Number of Loans		Dollars in Loans (000s)	
	#	%	\$	%	#	%	\$	%
2003	34	82.9%	7,644	89.9%	7	17.1%	855	10.1%
2004	71	78.0%	11,344	65.0%	20	22.0%	6,110	35.0%
Total	105	79.5%	18,988	73.2%	27	20.5%	25,953	26.8%

Source: CRA Data Collection

Small business lending increased significantly from 2003 to 2004. The increase is attributed to the Bank developing new relationships during the current year and current relationships with maturing companies.

As shown in the above tables, the small business loan distribution reflects a good responsiveness to the assessment area's credit needs.

Home Equity Lines of Credit

A review of UniBank's CRA Data Listing for Home Equity Lines of Credit was conducted. For the period under review, the Bank originated a total of 526 Home Equity Lines of Credit totaling \$33 million. Of which, 418 loans or 79.5 percent of the number and \$25.9 million or 78.4 percent of the dollar volumes were originated within the Bank's assessment area.

Refer to the following tables for additional information regarding the Bank's home equity lines of credit, by both number and dollar volume.

Table 5 – Distribution of Home Equity Lines Inside and Outside of the Assessment Area								
Year	Inside				Outside			
	Number of Loans		Dollar in Loans (000s)		Number of Loans		Dollars in Loans (000s)	
	#	%	\$	%	#	%	\$	%
2003	198	74.7%	11,517	73.6%	67	25.3%	4,129	26.4%
2004	220	84.3%	14,383	82.7%	41	15.7%	3,009	17.3%
Total	418	79.5%	25,900	78.4%	108	20.5%	7,138	21.6%

Source: Home Equity Line Register

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS: (CONTINUED)

LENDING TEST (CONTINUED)

As indicated in the above tables, the majority of loans, by both number and dollar amount, were originated inside the Bank's assessment area.

The Bank's geographic distribution of residential, small business, and home equity lines of credit are considered reasonable.

II. Borrower Characteristics

UniBank's residential loans were further analyzed to determine the distribution of lending by borrower income level. Borrowers reported incomes were compared to the median family incomes of the Worcester MSA. The income figures are based on estimated HUD information. The estimated incomes for the MSA for 2003 and 2004 are \$68,000 and \$69,300, respectively.

The following table shows the number of HMDA-reportable loans granted to low, moderate, middle and upper-income borrowers in comparison to the number of households in the assessment area in each respective income group.

Table 6 – Distribution of HMDA Loans by Borrower Income							
Median Family Income Level	% Total Families	2003		2004		Total	
		#	%	#	%	#	%
<i>Low</i>	18.6%	18	3.6%	13	5.3%	31	4.1%
<i>Moderate</i>	14.2%	116	23.0%	56	22.9%	172	22.9%
<i>Middle</i>	18.2%	166	32.9%	66	26.9%	232	30.9%
<i>Upper</i>	49.0%	202	40.0%	109	44.5%	311	41.5%
<i>NA</i>	-	3	0.5%	1	.4%	4	0.5%
<i>Total</i>	100.0%	505	100.0%	245	100.0%	750	100.0%

Source: U.S. Census, HMDA LAR

The Bank extended 31 loans to low-income borrowers representing 4.1 percent of total loans within the assessment area. These loans represent 1.9 percent, by dollar amount, of the total loans originated within the assessment area during this period. This is well below the 18.6 percent of low-income households within the assessment area. However, there are mitigating factors present that account for this disparity such as competition, the percentage of people living below the poverty level who cannot afford to purchase a home, as well as the high cost associated with purchasing a home in the area which makes homeownership virtually impossible for many individuals in this income category.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS: (CONTINUED)

LENDING TEST (CONTINUED)

In addition, the Bank extended 172 loans to moderate-income borrowers, representing 22.9 percent by number as shown above. These loans represent 16.9 percent by dollar amount of the Bank's total originations within its assessment area. The number of loans is above the 13.6 percent of moderate-income households within the assessment area.

The distribution of the Bank's loans among various borrower income levels may also be compared to that of all other HMDA-reportable lenders in the assessment area. As previously mentioned, other HMDA-reporters include bank and non-bank entities such as large national banking companies, other local banks, credit unions and mortgage companies. The most recent data available for this analysis relates to calendar year 2003 and is presented in the following table.

Table 7- Distribution of HMDA Reportable Loans UniBank Compared to All Other Reporters								
Borrower Income Level	Number of Loans				Dollar Amount of Loans			
	UniBank for Savings		All Other Reporters		UniBank for Savings		All Other Reporters	
	#	%	#	%	\$(000)	%	\$(000)	%
Low	18	3.6%	625	5.1%	1,685	2.1 %	71,105	3.2%
Moderate	116	23.0%	2,397	19.5%	14,296	17.7%	349,734	15.7%
Middle	166	32.9%	3,687	30.0%	23,953	29.7%	635,849	28.6%
Upper	202	40.0%	4,935	40.2%	39,851	49.4%	1,045,217	47.0%
NA	3	0.5%	642	5.2%	960	1.1%	119,681	5.4%
Total	505	100.0%	12,286	100.0%	80,745	100.0%	2,221,586	100.0%

Source: HMDA Aggregate Data

The distribution of the Bank's residential loans to low-income borrowers is below that of all other HMDA-reporters within the assessment area. As shown above, the Bank's percentage of lending to borrowers of low-income is below the aggregate by number for 2003. The Bank originated 3.6 percent by number and 2.1 percent by dollar amount of the total loans within the assessment area to borrowers of low-income, compared to the aggregate with 5.1 percent by number and 3.2 percent by dollar amount.

HMDA-reportable loans to moderate-income borrowers accounted for 23.0 percent by number and 17.7 percent by dollar amount within the assessment area. Both number and dollar amount is slightly higher than that of the aggregate. The distribution of HMDA-reportable loans by borrower income demonstrates the Bank's willingness to lend to borrowers of all income levels, including those of low and moderate-income.

UniBank ranked sixth in market share in lending to low-income individuals in the assessment area in 2003. The Bank originated 18 loans to low income borrowers capturing 2.8 percent of the market. The Bank ranked second in 2003 with 116 originations to moderate income borrowers capturing 4.6 percent of the market. The top two lenders to moderate-income borrowers were Milford Federal Savings and Loan and Fleet National Bank which is now Bank of America, N.A.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS: (CONTINUED)

LENDING TEST (CONTINUED)

Small Business Lending

The small business loans originated within the Bank's assessment area were further analyzed to determine the typical loan amount at origination. The majority of the 67 small business loans originated in the Bank's assessment area, during this time period, had original loan amounts of \$100,000 or less. The following table depicts the distribution of small business loans within the Bank's assessment area by loan number at origination.

Table 8 – Distribution of Small Business Loans by Loan Size						
<i>Loan Size (000s)</i>	<i>2003</i>		<i>2004</i>		<i>Total</i>	
	<i>#</i>	<i>%</i>	<i>#</i>	<i>%</i>	<i>#</i>	<i>%</i>
<i>< \$100</i>	20	58.8%	47	66.2%	67	63.8%
<i>\$100 - \$250</i>	2	5.9%	10	14.1%	12	11.4%
<i>> \$250 - \$1,000</i>	12	35.3%	14	19.7%	26	24.8%
<i>Total</i>	34	100.0%	71	100.0%	105	100.0%

Source: CRA Data Collection

By dollar amount, 16.0 percent of the loans had amounts less than or equal to \$100,000 and 11.7 percent had loan amounts between \$100,000 and \$250,000. The remaining 72.3 percent had loan amounts greater than \$250,000.

Small business loans originated within the Bank's assessment area, during this period, were also analyzed to determine the distribution among businesses of various sizes. The majority of small business loans originated during this period was granted to small businesses, whose annual revenues were \$1 million or greater. The following tables depict the distribution of small business loans within the bank's assessment area by revenues of the business.

Table 9 – Distribution of Small Business Loans by Gross Annual Revenues of Business						
<i>Gross Annual Revenues (000s)</i>	<i>2003</i>		<i>2004</i>		<i>Total</i>	
	<i>#</i>	<i>%</i>	<i>#</i>	<i>%</i>	<i>#</i>	<i>%</i>
<i><= \$1,000</i>	20	58.8%	31	43.7%	51	48.6%
<i>> \$1,000</i>	14	41.2%	40	56.3%	54	51.4%
<i>Total</i>	34	100.0%	71	100.0%	105	100.0%

Source: CRA Data Collection

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS: (CONTINUED)

LENDING TEST (CONTINUED)

Home Equity Lines of Credit

In addition, UniBank's home equity lines of credit originated within the Bank's assessment area were further analyzed to determine the distribution of lending by borrower income level at origination. A total of 27 home equity lines of credit were originated to low-income borrowers during the period under review representing 6.4 percent of the total number of loans. In addition, 83 or 19.9 percent of the lines were originated to moderate-income borrowers. The following table depicts the distribution of home equity lines of credit within the Bank's assessment area to borrowers of different income levels.

Table 10 – Distribution of Home Equity Lines of Credit by Borrower Income							
Median Family Income Level	% Total House holds	2003		2004		Total	
		#	%	#	%	#	%
<i>Low</i>	18.6%	16	8.1%	11	5.0%	27	6.4%
<i>Moderate</i>	14.2%	42	21.2%	41	18.6%	83	19.9%
<i>Middle</i>	18.2%	62	31.3%	63	28.6%	125	29.9%
<i>Upper</i>	49.0%	78	39.4%	105	47.8%	183	43.8%
<i>Total</i>	100%	198	100.0%	220	100.0%	418	100.0%

Source: U.S. Census, HMDA LAR

Based on the information above, the Bank's lending to borrowers of different income levels, especially those of low and moderate-income, and businesses of various sizes with small business loans, especially the very small business loans reflects an excellent performance.

III. Geographic Distribution

HMDA-Reportable Lending

HMDA-reportable loans located within the Bank's assessment area were further analyzed to determine location by census tract income level. The assessment area is comprised of 19 census tracts: 1 or 5.3 percent are designated as NA; 14 or 73.7 percent as middle-income; and 4 or 21.0 percent as upper-income.

The one census tract designated as NA was not used to evaluate the Bank's performance in this category because of the extremely limited lending potential, as described in the performance context.

The following table provides a breakdown, by number, of the Bank's HMDA-reportable loans within its assessment area according to census tract income level. The table also shows the number of loans in comparison to the number of owner-occupied housing units in each census tract income category.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS: (CONTINUED)

LENDING TEST (CONTINUED)

Table 11 – Distribution of HMDA Loans by Income Category of the Census Tract							
Census Tract Income Level	% Total Owner- Occupied Housing Units	2003		2004		Total	
		#	%	#	%	#	%
Middle	67.1%	338	66.9%	170	69.4%	508	67.7%
Upper	32.9%	167	33.1%	75	30.6%	242	32.3%
Total	100.0%	505	100.0%	245	100.0%	750	100.0%

Source: U.S. Census, HMDA LAR

As shown in the above table, 67.7 percent of the Bank's total loans were within middle-income census tracts and 32.3 percent within upper-income census tracts. These numbers indicate that the activity in these census tracts is proportional to the percentage of owner-occupied housing units in the assessment area.

The geographic distribution of the Bank's loans by census tract income category may also be compared to that of all other HMDA-reportable lenders in the assessment area. Other HMDA-reporters include bank and non-bank entities such as large national banking companies, other local banks, credit unions and mortgage companies. The most recent data available for this analysis relates to calendar year 2003 and is presented in the following table.

Table 12- Distribution of HMDA Reportable Loans UniBank Compared to All Other Reporters								
Census Tract Income Level	Number of Loans				Dollar Amount of Loans			
	UniBank for Savings		All Other Reporters		UniBank for Savings		All Other Reporters	
	#	%	#	%	\$(000)	%	\$(000)	%
Middle	338	66.9%	8,012	65.2%	50,884	63.0%	1,388,109	62.5%
Upper	167	33.1%	4,272	34.7%	29,861	37.0%	832,982	37.4%
NA	-	-	2	.01%	-	-	495	0.01%
Total	505	100.0%	12,286	100.0%	80,745	100.0%	2,221,586	100.0%

Source: HMDA Aggregate Data

As shown above, UniBank for Savings originated a higher percentage of loans than the aggregate in middle-income census tracts.

Small Business Lending

UniBank's small business loans were analyzed to determine the distribution by census tract income level within its assessment area.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS: (CONTINUED)

LENDING TEST (CONTINUED)

The following tables depict this distribution.

Table 13 – Distribution of Small Business Loans by Income Category of the Census Tract						
Census Tract Income Level	2003		2004		Total	
	#	%	#	%	#	%
Middle	26	76.5%	48	67.6%	74	70.5%
Upper	8	23.5%	23	32.4%	31	29.5%
Total	34	100.0%	71	100.0%	105	100.0%

Source: CRA data collection

As shown above, the majority of small business loans were made in middle-income census tracts which are proportionate to the make-up of the assessment area. Residential mortgage activity decreased during 2004 primarily due to increased interest rates and slowing refinance activity

Home Equity Lines of Credit

An analysis of the Bank's home equity lines of credit also demonstrated that a large majority of the Bank's home equity lines were made in middle-income census tracts. Approximately, 66.5 percent of the number and 60.0 percent of the dollar amount of the Bank's equity lines were made in middle-income census tracts.

Table 14 – Distribution of Home Equity Loans by Income Category of the Census Tract						
Census Tract Income Level	2003		2004		Total	
	#	%	#	%	#	%
Middle	135	68.2 %	143	65.0%	278	66.5%
Upper	63	31.8 %	77	35.0 %	140	33.5%
Total	198	100.0%	220	100.0%	418	100.0%

Source: CRA data collection

Based on the above information, the Bank's distribution of HMDA-reportable loans, small business loans and home equity lines of credit by census tract income level reflects a good dispersion of loans throughout the assessment area.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS: (CONTINUED)

LENDING TEST (CONTINUED)

IV. Community Development Lending

UniBank has granted an adequate level of qualified community development loans. As defined in the CRA regulation, a community development loan has as its primary purpose: affordable housing for low and moderate-income individuals, community services targeted to low and moderate-income individuals, activities that promote economic development by financing small businesses or small farms, or activities that revitalize or stabilize low and moderate-income geographies. In addition, unless it is for a multifamily dwelling (five or more units), the loan must not be reported as a home mortgage or small business loan.

Alternatives Unlimited is a non-profit organization that provides vocational, residential, transportation and mental health services to physically, emotionally, and mentally challenged individuals. The majority of clients are at or near poverty level, and their only source of income is from social security.

Two loans totaling \$650,000 granted during the evaluation period to this organization qualify as community development loans. The first loan is the renewal and increase of a business line of credit. The second is the renewal of a \$50,000 professional line of credit. The lines of credit are secured by the assets of the business and the funds will be used for construction of a new residence.

Whitinsville Retirement Society, Inc. operates two facilities: a congregate living facility and a twenty-four unit elderly apartment facility in Whitinsville. The elderly apartments are operated pursuant to the rules and regulations of Federal Housing Authority ("FHA"). Eight of the units are subsidized by the HUD, five of the units are subsidized by Rural Development (FHA) and the tenants in the remaining units pay a maximum of 30% of their adjusted annual income.

UniBank originated two loans totaling \$510,000; a \$500,000 term loan and a \$10,000 working capital professional line of credit were originated during this evaluation period.

The Greater Blackstone Valley Community Loan Program (BVCLP): UniBank for Savings is the lead bank in this loan pool of five banks which was created to foster economic activity in the Greater Blackstone Valley and to promote small business development by offering financing to small entrepreneurs.

BVCLP features a simplified application process; no limits on eligibility (except that the business is operated for profit and is located within the Blackstone Valley) and a credit emphasis placed on history, character, and personal assets. The use of the funds must be for the purchase of business assets or for working capital; repayment can be up to five years; and loans range from \$2,000 to \$15,000. Loan approvals require a positive decision from a majority of the participants in the pool. The pool currently has funds of \$396,396 with UniBank's participation at \$79,279. As the lead bank, UniBank maintains the loan documentation, creates the billing, sends out the denial notices, and keeps an accounting of each participating bank's share.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS: (CONTINUED)

LENDING TEST (CONTINUED)

UniBank also originated six loans totaling \$1,490,000 during the evaluation period, which meet the purpose of community development loans. However, based upon the collateral of these six loans, they cannot be granted quantitative credit under this criterion; rather, they are reported as either small business loans or HMDA-reportable loans and give credit under the lending activity, geographic distribution, and borrower profile criteria within the Lending Test. However, each of these six loans are deserving of special mention and qualitative credit under the Community Development criteria, because they have served to meet important community development credit needs within the Bank's assessment area. The loans are described below.

UniBank extended 3 residential real estate loans totaling \$1,015,000 to **Alternatives Unlimited** during the evaluation period; however, these loans are collateralized by single-family dwellings and are therefore captured on the HMDA\LAR. The funds were used to purchase housing for clients.

In November 2002, the Bank originated a \$375,000 HMDA-reportable loan to **Sunshine Haven**. Sunshine Haven is a for-profit organization providing a group home facility for special needs children. The majority of funding is received from the Department of Social Services, Department of Public Health and Department of Mental Retardation. The majority of the company's clients are low and moderate income individuals.

In June 2002, UniBank extended a \$50,000 small business line of credit to **Elder Day Care** of Worcester County. Elder Day Care of Worcester County is a for-profit organization providing day care services to the elderly who should not remain alone during the day. Seventy-five percent of the clients are considered low and moderate income individuals.

UniBank loaned the **Blackstone Valley Boys and Girls Club** a \$50,000 line of credit, which serves a community development purpose. Blackstone Valley Boys and Girls Club is a non-profit organization operating in the town of Blackstone to provide a positive place for kids. Services include after-school and summer programs in sports, recreation, education, arts, health and life skills, and character and leadership development. The club's target of low and moderate income individuals and families is evident through its low membership and participation fees.

V. Innovative or Flexible Lending Practices

UniBank designs and participates in loan programs aimed at meeting the credit needs of low and moderate-income homebuyers and small businesses. Details of these programs are as follows.

First Time Homebuyer: The Bank offers this product to finance the purchase of a customer's first one-to-four family, owner-occupied property. The program features a fixed rate for the first three years of the loan then automatically converts to a one-year adjustable note. The qualifying ratios are expanded to 33/38 percent. The maximum loan-to-value is 95 percent. Private mortgage insurance is required. There is no

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS: (CONTINUED)

LENDING TEST (CONTINUED)

minimum or maximum loan amount. Two percent of the required five percent down payment can be a gift. In 2002, 1 loan was originated totaling \$107,900. In 2003, the bank originated 5 loans totaling \$651,900. During 2004, the bank originated 8 loans totaling \$1,749,150. For the first quarter of 2005, the Bank originated 1 loan totaling \$247,000.

The Greater Blackstone Valley Community Loan Program: UniBank put this program together and, as the lead bank and in affiliation with four other banks, offers this product to small entrepreneurs. The program makes loans from \$2,000 to \$15,000 for small businesses in the Blackstone Valley. The use of the funds can be for working capital or for the purchase of inventory or equipment. Credit emphasis will be placed on credit history, character, and personal assets. The loan program makes credit available to small businesses that might not otherwise be eligible.

MHFA Septic Repair Loan Program The Bank participates in this statewide program to offer financial help to homeowners who need to repair a failed septic system. A failed system must be updated to meet Title V requirements. In association with the Department of Environmental Protection, the Massachusetts Department of Revenue, and the Massachusetts Housing Finance Agency, below market rates are available. To qualify, the property must be an owner-occupied, 1-4 family residential property. An appraisal is not required, and up to 50 percent of the borrower's debt-to-gross income is allowed. The loan amounts range from \$1,000 to \$25,000 at rates of 0, 3, or 5 percent for a term of three to twenty years. UniBank underwrites the loan, prepares the loan documentation, closes the loan, and deposits the funds into an escrow account which are then disbursed upon receipt of Certificate of Completion and Compliance. The loans are then sold to Massachusetts Housing Financing Agency (MHFA). In 2002, the Bank closed 3 loans totaling \$31,450. During the examination period, 1 loan closed for \$11,828.

Massachusetts Business Development Corporation (MBDC) Capital Access Program The Capital Access Program ("CAP") is designed to give banks a flexible and extremely non-bureaucratic tool to make business loans that are somewhat riskier than conventional bank loans or that may not meet classical underwriting standards. The CAP is based on a risk pool concept utilizing \$5 million committed by the Massachusetts legislature under Chapter 19. Each bank has its own reserve. Any person or business entity organized for profit, authorized to do business in Massachusetts with annual sales less than \$5 million, may borrow up to \$500,000. Loans can be long- or short-term, term loans or lines of credit. In 2002, the Bank originated 2 loans totaling \$460,000. In 2003, the Bank originated 5 loans totaling \$635,000 and in 2004 the Bank originated 5 loans totaling \$423,500.

USDA Rural Development Guaranteed Rural Housing Loan Program The USDA Rural Development Guaranteed Rural Housing Loan Program allows 100% financing without Private Mortgage Insurance (PMI) at competitive interest rates and flexible qualifying ratios. As a result of this program, the Bank originated one mortgage for \$174,000.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS: (CONTINUED)

LENDING TEST (CONTINUED)

SBA 504 The SBA 504 program provides for direct financing by the Small Business Administration ("SBA") of a portion of small business loans. The program offers long-term, low-interest, fixed-rate loans for purchase of tangible assets such as land and buildings. The Bank provides 50 percent of the loan amount with a first mortgage and the SBA funds 40 percent at a fixed interest rate. The customer only has to provide 10 percent of cost. In 2003, the Bank originated 1 loan for the amount of \$2,500,000.

VI. Fair Lending Policies and Practices

The Bank's fair lending policy and procedures are comprehensive in nature and address specific areas such as loan review, staff training, fair lending procedures, a loan application and evaluation process as well as applicable rules and regulations regarding the Fair Housing Act, Equal Credit Opportunity Act ("ECOA"), and the Consumer Protection Act.

All employees are provided with training appropriate to their job description and their responsibilities in fair lending issues. This includes information regarding both technical requirements that come into play, as well as the more substantive and subtle issues related to unintentional discrimination and quality of assistance. This training includes counseling, if necessary, for borrowers who need financial assistance.

The Bank's staff volunteers their time to a variety of area organizations in need of their training and expertise. UniBank markets its services and products to the community through a variety of mediums including print, television, radio, and through the internet. Seminars are also conducted in order to make potential customers aware of the services the Bank provides.

The Bank has established a program of taking a second look at residential real estate related applications that are slated for denial. Senior Management, the Credit Administration Officer conducts the second review, and other officers experienced in credit underwriting. The purpose of the review will not be to conclude if a denial is justified, but to determine if there is some way credit can be offered. The Bank's CRA officer conducts quarterly HMDA reviews for reporting accuracy.

Minority Application Flow

UniBank's assessment area contains 95,674 individuals, 3,452 or 3.6% of who are minorities. The assessment area's minority population is 0.1% Native American, 0.8% Asian, 0.5% Black, 1.2% Hispanic and 0.9% Other. The Bank's minority application flow appears slightly below the racial composition of its assessment area.

A review of residential loan applications was conducted in order to determine the number of applications the Bank received from minorities. The Bank received 840 residential loan applications from within its assessment area. During this period, 9 applications or 1.1% were received from minorities. All the applications received from minorities resulted in originations.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS: (CONTINUED)

LENDING TEST (CONTINUED)

An analysis was also performed comparing the Bank's application flow levels in 2003 to all other HMDA-reporting lenders. This data indicated that the Bank received 1.1% of its applications from minority applicants compared to 3.9% for all other lenders.

Refer to the following table for further details.

MINORITY APPLICATION FLOW								
RACE	UniBank 2003		2003 Aggregate Data		UniBank 2004		UniBank TOTAL	
	#	%	#	%	#	%	#	%
<i>Native American</i>	1	0.2%	49	0.2	0	0.0%	1	0.1%
<i>Asian</i>	0	0.0%	249	1.1	0	0.0%	0	0.0%
<i>Black</i>	1	0.2%	83	0.4	0	0.0%	1	0.1%
<i>Hawaiian/Pac Isl.</i>	-	-	-	-	0	0.0%	0	0.0%
<i>Hispanic</i>	2	0.3%	141	0.7	2	0.7%	4	0.5%
<i>Other</i>	1	0.2%	372	1.7	-	-	1	0.1%
<i>2 or more Minority</i>	-	-	-	-	0	0.0%	0	0.0%
<i>Joint Race</i>	-	-	-	-	2	0.7%	2	0.2%
Total Minority	5	0.9%	894	4.1	4	1.4%	9	1.0%
<i>White</i>	538	98.9%	15,538	71.9	274	92.6%	812	96.7%
<i>Not Provided</i>	0	0.0%	3,911	18.1	-	-	0	0.0%
<i>NA</i>	1	0.2%	1,267	5.9	18	6.0%	19	2.3%
Total	544	100.0	21,610	100.0	296	100.0	840	100.0

*Source: CRA Wiz Software.

UniBank's minority application flow for this period was compared with the racial make-up of the assessment area and the 2003 aggregate data for all HMDA reporters within the assessment area. The comparison of this data assists in deriving reasonable expectations for the institution's minority application flow.

Aggregate information for 2003 indicated that, of the 21,610 HMDA-reportable applications received by all other lenders within the Bank's assessment area in 2003, 4.1% were from minorities: 0.2% from American Indians, 1.1% from Asians, 0.4% from Blacks, 0.7% from Hispanics, and 1.7% from Other Minorities. The Bank received 544 applications during the same period. Of these, 0.92% was from minorities 0.18% from Native Americans, 0.0% from Asians, 0.18% from Blacks, 0.37% Hispanic and 0.18% from Joint applicants.

UniBank minority application flow when compared to the other lenders within the assessment area is below the aggregate.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS: (CONTINUED)

LENDING TEST (CONTINUED)

VII. Loss of Affordable Housing

The Bank's participation in community development projects and government lending programs, along with its development of credit products with flexible lending criteria, has assisted low and moderate-income individuals and small businesses to remain in their neighborhoods.

CONCLUSION (Lending Test)

Taking into account the number and amount of home mortgage and small business loans in the Bank's assessment area, UniBank has demonstrated good responsiveness to the assessment areas credit needs. A majority of the Bank's loans were made within its assessment area and were well distributed throughout the communities within the assessment area. The Bank's lending also demonstrates a good distribution of loans among individuals of different income levels. The Bank has a good record of serving businesses with gross annual revenues of \$1 million or less. The institution has granted a good level of community development loans, and has used innovative and flexible lending practices to address the credit needs of low and moderate-income individuals and small businesses. In addition, the Bank's fair lending performance was found to be reasonable. Therefore, the institution's lending performance receives an overall rating of High Satisfactory.

INVESTMENT TEST

As defined under the CRA regulation, a qualified investment is a lawful investment, deposit, membership share or grant that has community development as its primary purpose. Community development includes affordable housing for low and moderate-income individuals, community services targeted to low and moderate-income individuals, activities that promote economic development by financing small businesses or small farms, and activities that revitalize or stabilize low and moderate-income geographies. UniBank is rated "Outstanding" in this area. The following describes the institution's qualified investments.

Qualified Equity Investments

UniBank made 11 qualified equity investments during the evaluation period. In addition, the Bank continues to maintain two mortgage-backed securities issued by FNMA and one issued by FHLMC. The current book value of these investments, as of March 31, 2005, was \$2,651,236, which represents 1.15% of total investments as of the same date. By year of purchase, the investments represented 0.04 %, 0.68 %, 0.27 %, and 0.15% for 2002, 2003, 2004, and 2005 respectively, of total investments.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS: (CONTINUED)

INVESTMENT TEST (CONTINUED)

Federal Home Loan Mortgage Corporation (FHLMC)

On November 15, 1999, the Bank purchased a \$224,602 FHLMC Gold mortgage backed security that contains two loans within the Bank's assessment area. The loans were to low and moderate-income borrowers. The book value of this investment was \$19,703 as of March 31, 2005.

On April 14, 2003, the Bank purchased a \$97,343 FHLMC Gold mortgage backed security that contains 1 loan within the Bank's assessment area to a low-income borrower. The book value of this investment was \$59,620 as of March 31, 2005.

On May 14, 2003, the Bank purchased a \$73,106 FHLMC Gold mortgage backed security that contains 1 loan within the Bank's assessment area to a moderate-income borrower. The book value of this investment was \$58,239 as of March 31, 2005.

On September 15, 2003, the Bank purchased a \$200,960 FHLMC Gold mortgage backed security that contains 1 loan within the Bank's assessment area to a moderate-income borrower. The book value of this investment was \$124,372 as of March 31, 2005.

On November 13, 2003, the Bank purchased a \$315,879 FHLMC Gold mortgage backed security that contains 2 loans within the Bank's assessment area to moderate-income borrowers. The book value of this investment was \$309,821 as of March 31, 2005.

Federal National Mortgage Association (FNMA)

On June 14, 2000, the Bank purchased a \$65,856 FNMA mortgage backed security containing one loan in the Bank's assessment area. The loan was originated to a moderate-income borrower. The book value of this security was \$7,545 as of March 31, 2005.

On March 13, 2001, UniBank purchased a \$172,406 FNMA mortgage backed security containing one loan in the Bank's assessment area. The loan was originated to a moderate-income borrower. The book value of this security was \$11,344 as of March 31, 2005.

On August 14, 2002, the Bank purchased a \$316,540 FNMA mortgage backed security that contains 2 loans within the bank's assessment area. One loan was originated to a moderate-income borrower. The book value of this investment was \$89,019 as of March 31, 2005.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS: (CONTINUED)

INVESTMENT TEST (CONTINUED)

On October 15, 2003, the Bank purchased a \$1,073,005 FHLMC Gold mortgage backed security that contains 6 loans within the Bank's assessment area to moderate-income borrowers. The book value of this investment was \$931,820 as of March 31, 2005.

On October 15, 2003, the Bank purchased a \$136,638 FNMA mortgage backed security that contains 1 loan within the Bank's assessment area to a moderate-income borrower. The book value of this investment was \$89,858 as of March 31, 2005.

On August 12, 2004, the Bank purchased a \$199,185 FNMA mortgage backed security that contains 1 loan within the Bank's assessment area to a moderate-income borrower. The book value of this security was \$155,055 as of March 31, 2005.

On August 12, 2004, the Bank purchased a \$201,782 FNMA mortgage backed security that contains 1 loan outside the Bank's assessment area to a moderate-income borrower. The book value of the security was \$189,889 as of March 31, 2005.

On November 15, 2004, the Bank purchased a \$271,529 FNMA mortgage backed security contains 1 loan within the Bank's assessment area to a moderate-income borrower and 1 loan outside the assessment area to a low-income borrower. The book value of this security was \$270,222 as of March 31, 2005.

On February 10, 2005, the Bank purchased a \$340,261 FNMA mortgage backed security that contains one loan within assessment area to a moderate-income borrower and one loan outside assessment area to a moderate-income borrower. The book value of this security was \$339,727 as of March 31, 2005.

Charitable Contributions

The Bank has provided contributions to organizations that provide education and training, affordable housing, youth programs, and health and human services for individuals in need. During the evaluation period, May 1, 2002, through March 31, 2005, the Bank made approximately \$535,000 in charitable contributions. Of these, \$222,698 is qualified in support for development of facilities which promote community development, as defined under the CRA regulation. During the last 8 months of 2002, qualified contributions totaled \$26,698. During 2003 and 2004, total qualified contributions were \$64,250 and \$84,650, respectively. During the first quarter of 2005, the Bank's qualified donations totaled \$47,100. The following is a brief description of some of the organizations that have benefited from the Bank's contributions during the evaluation period.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS: (CONTINUED)

INVESTMENT TEST (CONTINUED)

Alternatives Unlimited, Inc.: During 2003 and year-to-date 2005 UniBank donated \$20,000 and \$20,800 respectively to this organization for equipment purchase, the wellness promotion program, and the civic engagement project. Alternatives Unlimited is a non-profit organization that provides residential, vocational and transportation services to adults with developmental and psychiatric disabilities. The majority of clients are at or near the poverty level and their only source of income is Social Security.

Tri-Valley Elder Service, Inc.: During 2002 and 2004 UniBank donated \$17,348 and \$15,000 respectively to this organization for the prescription drug assistance program for low-income senior citizens. Tri-Valley Elder Services, Inc. is a non-private agency providing a comprehensive array of in-home and community based services to eligible elders.

Whitin Community Center: During 2003, 2004, and year-to-date 2005, UniBank donated \$25,000 each year to this organization's Youth Outreach Program. The program is designed to provide opportunities for area youth to participate in programs fostering good sportsmanship, cooperation, and respect, and to instill a sense of connection and involvement in the community. No fees for participation or membership are required, thereby making the programs accessible to youngsters of all income categories. The program's target population is low- and moderate-income families within the area. The program is promoted through schools, churches, youth adjustment counselors, and by posters displayed in low-income areas, mentoring programs, cable access television channels, and newspapers.

Worcester Community Action Council, Inc.: During 2003 and 2004, UniBank donated \$10,000 and \$15,000, respectively, to this organization, which administers a federal fuel assistance program for elderly and low-income residents. UniBank earmarked their contributions to directly benefit residents of the Blackstone River Valley (the Bank's assessment area). The funds are available to families who do not qualify for federal fuel assistance programs under traditional income guidelines, to families who cannot afford the standard 100-gallon minimum fuel delivery amount, or to those families who may have already reached their annual limit for fuel oil benefits. No contribution was made in 2002 because the Council still had funds remaining from the previous year.

Holidays with Heart: During 2002, 2003, 2004 and year-to-date 2005 UniBank donated \$3,500 each year to this organization, which purchases produce from area farmers for donation to local food pantries, shelters, and organizations that feed the hungry. Holidays with Heart is staffed 100% by volunteers, which enables 100% of funding to go to the produce purchases.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS: (CONTINUED)

INVESTMENT TEST (CONTINUED)

CONCLUSION (Investment Test)

As depicted above, UniBank has an excellent level of qualified community development grants, and has exhibited excellent responsiveness to credit and community economic development needs based on the opportunities in the assessment area. Therefore, the Bank's investment performance is rated Outstanding.

SERVICE TEST

The Service Test evaluates an institution's record of helping to meet the credit needs of its assessment area by analyzing both the availability and effectiveness of an institution's systems for delivering retail banking services and the extent and innovativeness of its community development services. UniBank's service activities are "Outstanding".

The Bank's systems for delivering retail-banking services are readily accessible to geographies and individuals of different income levels within its assessment area. The Bank's low cost checking and savings accounts, as well as the convenience of its automated telephone banking system service, customer service center, and website, are tailored to the convenience and needs of its assessment area.

Officers and employees of the Bank have provided a high level of service activity in response to community needs. Retail banking services and products offer consumers flexibility and convenience. In addition, officers and employees of the Bank provide an excellent level of involvement in community organizations located throughout its assessment area. The following details the institution's services.

Retail Banking Services

Distribution of Branches

UniBank is located at 49 Church Street, in the Whitinsville section of Northbridge Massachusetts, a middle-income census tract. In addition to the main office, the Bank operates six full-service branch offices. All of the Bank's branches are located within middle or upper-income census tracts.

Branch hours are convenient and comparable to other institutions, and services of the Bank are more than sufficient to meet the needs of the assessment area. Office hours for the branches are generally 9:00 a.m. to 4:00 p.m. Monday, Wednesday, and Friday, Thursday 9:00 a.m. to 7:00 p.m. and Saturday 9:00 a.m. till noon. The Upton branch drive-up opens at 7:00 a.m. Monday through Friday.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS: (CONTINUED)

SERVICE TEST (CONTINUED)

ATMs are located at all branches. However, not all of the Bank's ATMs are deposit taking or accessible 24 hours 7 days a week. The Bank's ATMs are linked to the SUM network, which allows non-UniBank ATM cardholders of other SUM network institutions free use of UniBank's ATMs. Conversely, UniBank customers can use other Sum network ATMs without being assessed a surcharge by the other institutions. In addition, the ATM network is linked to the CIRRUS and NYCE networks.

Record of Closing Branches

The Bank maintains a Branch Office Closing and Opening policy. The policy details the procedures the Bank will follow before closing or opening a branch office. No branches have been closed since the previous examination. The Bank opened a new branch in Sutton located at 160 Worcester/Providence Turnpike in 2003. The Bank also opened a new branch at 1189 Providence Road in Northbridge in April 2004.

Alternative Banking Services

UniBank offers internet banking located at www.unibank.com. This feature gives customers the ability to manage their finances from a home or office computer, free of charge. Customers can review checking, savings, and CD accounts, check account balances, make loan payments, transfer funds between accounts, view account histories, view paid check imaged online, general information regarding the Bank's deposit and loan programs, banking services, and office locations and hours. Customers' information can also be downloaded into Microsoft Money® or Quicken® Quicken. Customers can also sign up for the bill pay feature, which enables customers to pay their bills online, including loan payments from the customer's computer. This program features no monthly fee for retail customers.

The Bank offers UniBanking by phone at (508) 234-7628 or toll free at 1-877-UNIBANK. Users of the telephone banking system can verify balances and transfer funds between statement accounts. Customers can also place stop payments. UniBanking by phone is available 24 hours a day.

Banking by mail is also available for closing accounts, deposits and withdrawals, loan payments, transfers, and CD rollovers. The Bank provides customers with pre-paid postage envelopes for all mail transactions originated in the United States.

Currently, there are 5 bilingual employees to assist the non-English speaking customers and potential customers at the Bank. Second languages include French, Indian, Kashmiri, Mandarin Chinese, Singles (Sri-Lankan), and Spanish. As a result, the Bank is able to provide better service to customers of different ethnic backgrounds.

The Bank's Visa Card (debit card) performs all of the same functions as an ATM card plus the added buying power of a VISA card. When the debit card is used to make purchases at any merchant displaying the VISA symbol, the amount of the purchase is directly withdrawn

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS: (CONTINUED)

SERVICE TEST (CONTINUED)

from the customer's checking account. There is no fee charged to customers who use the debit card.

Other Services

A variety of deposit products, loan products and business services are available at UniBank locations. The Bank offers checking, passbook and statement savings, certificates of deposit, and individual retirement accounts. The following details the low cost savings and checking accounts offered by the Bank.

UniBank has a checking and savings account that meet the Basic Banking for Massachusetts guidelines. The Bank participates in the Massachusetts Community and Banking Council (MCBC) Basic Banking for Massachusetts program through its Basic Checking Account. The account has no minimum balance requirements and a low monthly service charge. Up to 8 checks and 3 electronic transfers can be processed monthly without charge. ATM and Debit cards are also available for this account.

There is no minimum balance necessary and no monthly fees assessed with the direct deposit of a State or Federal monthly benefit. The regular savings account is available in either a statement or a passbook format with ATM card available with the statement savings account.

UniBank offers a full range of business banking products and services. These services include business checking, business savings, certificate of deposit accounts, and night deposit service. Commercial loan products include commercial real estate loans, letter of credit, lines of credit, secured loans, term loans, and SBA and other guaranteed loan programs.

COMMUNITY DEVELOPMENT SERVICES

The CRA regulation defines a community development service as a service that is primarily for community development purposes and is related to the provision of financial services.

The Bank is an active participant in the "Protect Your Savings Program" sponsored by the Executive Office of Elder Affairs, Massachusetts Office of Consumer Affairs and Business Regulation, Attorney General's Office, the Division, and the Massachusetts Bankers Association. This program helps Bank employees, who suspect that an elderly customer is being financially exploited, by supplying the proper information and administrative tools necessary to intervene on the customer's behalf. Brochures have been created to help individuals identify these seniors and make sure that proper referral channels have been established. These brochures are available in all of the Bank's lobbies.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS: (CONTINUED)

SERVICE TEST (CONTINUED)

The Bank is a member of the Massachusetts Bankers Association Foreclosure Prevention Project that assists banks and customers experiencing financial difficulties find viable alternatives to foreclosure. The initiative consists of a consumer education brochure, *Beware of Easy Credit*, the creation of a foreclosure prevention counseling program with the National Consumer Law Center, collaboration with the Massachusetts Community and Banking Council on a public awareness campaign on lending scams, and the development of industry guidelines for subprime mortgage lenders. These activities help to promote financial literacy, protect customers from fraudulent and unscrupulous lending practices, and help sustain home ownership.

The UniBank Pharmacy Assistance Project was developed by UniBank to offset prescription drug costs for eligible individuals aged 60 and older who reside in the Blackstone Valley towns of Blackstone, Douglas, Grafton, Hopedale, Mendon, Millbury, Millville, Northbridge, Upton, and Uxbridge. Applicants aged 60 and older must fall below monthly income thresholds for one or two person households. Tri-Valley Elder Services, Inc. is a partner with UniBank in the project and is the administering agency.

For the period under review, UniBank paid interest to IOLTA on 18 accounts totaling \$6,731.61 in 2003 and 25 accounts totaling \$7,994.79 in 2004. Attorneys and law firms maintain these accounts for the short term holding of clients' funds. Interest earned on these accounts is remitted to the IOLTA committee, which distributes funds to local charities to provide low or no cost legal services to low-income individuals.

In addition to the above community development services, many of the Bank's officers serve on committees or boards of various community development organizations throughout the assessment area. The officers lend their financial expertise to these organizations.

Blackstone Valley Chamber of Commerce: The Bank's President and CEO serves as the Chairman of the Regional Planning/Economic Development Committee. Completion of the Mass-Pike/Rte 146 Interchange is anticipated to make the towns of the Blackstone Valley more accessible and therefore more desirable for business activity. The Committee's goals are to attract businesses to the area, which will increase the industrial tax base and provide employment opportunities. The area is experiencing a residential boom, increasing the town's costs to provide services such as schools, police and fire protection. An expanded industrial base is deemed necessary to keep real estate taxes affordable for low and moderate-income individuals in the area.

Greater Blackstone Valley Community Loan Program: The Bank's Executive Vice President and Senior Loan Officer serves as Chairman of this revolving micro loan pool. This program was established in 1995 as a consortium of five banks and UniBank is the originator of the program and services all the loans. The Chairman conducts periodic meetings with representatives of the other banks to evaluate the performance

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS: (CONTINUED)

SERVICE TEST (CONTINUED)

of the loan program, review approved and declined loan applications, and determines if any changes are needed.

Grafton Job Corps: The Bank's Senior Vice President of Retail & Marketing serves on the Community Advisory Board of the Grafton Job Corp. The organization's purpose is to provide job skill training for low and moderate-income individuals between the ages of 18 to 25. The Bank's Senior Vice President is involved in making decisions pertaining to the outreach efforts of the organization. She also assists placing students in volunteer positions and placing interns into the work force. The students, many of whom are high school dropouts, are given the opportunity to acquire skills to help them become productive members of the community.

Worcester Community Housing Resources: The Bank's Vice President is a board member of this organization. The purpose of this organization is to create and preserves affordable housing and to support neighborhood revitalization in the greater Worcester area.

Worcester Community Loan Fund: The Worcester Community Loan Funds provides low cost loans for affordable housing, construction, and rehabilitation, for first-time homebuyers. The Bank's Vice President is a committee member.

Tri-Valley Elder Service: Two of the Bank's Branch Managers serve as chairman and vice-chairman of the Money Management Advisory Board of the Tri Valley Elder Services. The Money Manager program assists the elderly population with all financial matters including bill paying and account reconciliation.

Grafton Economic Development Commission: The Grafton Economic Development Commission works with businesses and various town departments to facilitate business expansion. The Bank's Vice President is chairman of this organization.

Other organizations that officers and employees lend their technical expertise to include civic, charitable, religious and fraternal organizations located throughout the assessment area.

Educational Seminars

Bank officers and employees have also participated in seminars and other events sponsored or co-sponsored by the Bank during 2002, 2003, and 2004. These events provide opportunities for Bank representatives to inform those in attendance about the products and services offered by the Bank and to gain information about unmet credit needs in the assessment area.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS: (CONTINUED)

SERVICE TEST (CONTINUED)

Bank officers regularly collaborate with high school students to provide instruction on basic checking and savings products, how to balance checking accounts, and how the banking system processes checks. The Bank's Operations Manager conducted several classes during the evaluation period.

In 2002, the Bank's Vice President was a speaker at the Central Massachusetts Regional Planning Commission on economic development.

In 2003, the Bank sponsored an after hours economic development program. The purpose of this event was to learn about economic development in the valley and to learn about the challenges it faces.

In 2004, the Bank sponsored six seminars titled "Keeping it Safe, Safeguarding Your Future," at local senior centers in the Blackstone Valley. The presentations, conducted by branch managers, educated senior citizens about what kind of products and services they are entitled to for free at any state chartered bank. Information on account ownerships, FDIC and Deposit Insurance Fund insurances, as well as UniBank's Fuel Assistance and Prescription Drug Programs were also provided. A feature topic was "Identify Theft," and ways seniors can protect themselves from having their identity stolen.

Miscellaneous

UniBank has expended considerable resource on making application to the Federal Home Loan Bank of Boston's Affordable Housing Program ("AHP") on behalf of various community development organizations. During this examination period, the Bank submitted two grants through this program. While neither of the projects received funding through the AHP, the Bank deserves recognition for applying.

CONCLUSION (Service Test)

As illustrated above, officers and employees of UniBank demonstrated an excellent level of service activity and involvement in community organizations throughout its assessment area. The Bank's products and alternative banking services are tailored to the convenience and needs of its assessment area including low and moderate-income borrowers. Therefore, a rating of "Outstanding" is warranted.

APPENDIX A

SCOPE OF EXAMINATION: UniBank has one assessment area that was reviewed on-site using the Large Bank CRA evaluation Procedures. The evaluation included an assessment of the Bank's performance within the assessment area, which included the Boston MSA and Worcester MA-CT MSA. A review of the Divisions records, as well as the Bank's CRA Public File, did not reveal any adverse comments relating to the Bank's CRA performance since the prior examination. The period under review is May 5, 2002 through March 10, 2005. Residential lending activity as reported on the 2003, and 2004 HMDA/LAR and small business loan data reported on the 2003 and 2004 CRA LAR.

PERFORMANCE EVALUATION DISCLOSURE GUIDE

Massachusetts General Laws Chapter 167, Section 14, as amended, and the Uniform Interagency Community Reinvestment Act (CRA) Guidelines for Disclosure of Written Evaluations require all financial institutions to take the following actions within 30 business days of receipt of the CRA evaluation of their institution:

- 1) Make its most current CRA performance evaluation available to the public;
- 2) At a minimum, place the evaluation in the institution's CRA public file located at the head office and at a designated office in each assessment area;
- 3) Add the following language to the institution's required CRA public notice that is posted in each depository facility:

"You may obtain the public section of our most recent CRA Performance Evaluation, which was prepared by the Massachusetts Division of Banks, at (49 Church Street, Whitinsville, MA 01588)."

[Please Note: If the institution has more than one local community, each office (other than off-premises electronic deposit facilities) in that community shall also include the address of the designated office for that assessment area.]

- 4) Provide a copy of its current evaluation to the public, upon request. In connection with this, the institution is authorized to charge a fee which does not exceed the cost of reproduction and mailing (if applicable).

The format and content of the institution's evaluation, as prepared by its supervisory agency, may not be altered or abridged in any manner. The institution is encouraged to include its response to the evaluation in its CRA public file.